

DISCRETELY PRESENTED COMPONENT UNITS

Dr. Jerry Farris, Director of the Environmental Sciences Ph.D. program at Arkansas State University, stands in a wetland used to furnish water retention, and provide habitat for wildlife and waterfowl in Northeast Arkansas. A faculty member since 1992, Farris has been director of the University's ecotoxicology research facility since it was built in 1994 and is chairholder of the Judd Hill Chair of Environmental Biology. The associate professor has been actively involved in leading environmental research at various institutions of higher education, but returned to his home state of Arkansas in 1992 when he joined ASU's faculty.



DISCRETELY PRESENTED COMPONENT UNITS

Component Units are those entities which are legally separate government organizations for which the State's elected officials are financially accountable, or other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading. Discretely Presented Component Units consist of the following:

Arkansas Student Loan Authority - ASLA provides guaranteed educational loans to Arkansas students attending eligible post secondary institutions, and serves as a secondary market and liquidity provider to Arkansas lending institutions which originate guaranteed student loans.

Arkansas Development Finance Authority - ADFA provides financing through the issuance of taxable and tax-exempt bonds for housing, industry, local governments, education, agricultural enterprise, health care, infrastructure projects, jails and prisons. ADFA also offers direct loans for housing, small minority businesses, agriculture and exporting.

Discretely Presented Component Units Combining Balance Sheet

June 30, 2000
(Expressed in Thousands)

	Arkansas Student Loan Authority	Arkansas Development Finance Authority	Total
ASSETS:			
Cash and cash equivalents	\$ 58	\$ 160,411	\$ 160,469
Investments	30,448	997,687	1,028,135
Receivables, net:			
Accounts		3,044	3,044
Loans	194,564	421,565	616,129
Investment related	4,076	11,089	15,165
Fixed assets, net	11	360	371
Other assets	<u>3,565</u>	<u>85,300</u>	<u>88,865</u>
TOTAL ASSETS	<u><u>\$ 232,722</u></u>	<u><u>\$ 1,679,456</u></u>	<u><u>\$ 1,912,178</u></u>
LIABILITIES AND RETAINED EARNINGS:			
Liabilities:			
Accounts payable	\$ 2,196	\$ 9,888	\$ 12,084
Accrued and other liabilities		84,421	84,421
Revenue bonds payable	214,807		214,807
Special obligation bonds payable	<u></u>	<u>1,475,949</u>	<u>1,475,949</u>
Total Liabilities	<u>217,003</u>	<u>1,570,258</u>	<u>1,787,261</u>
Retained earnings:			
Unreserved	15,719	43,984	59,703
Reserved for bond programs	<u></u>	<u>65,214</u>	<u>65,214</u>
Total Retained Earnings	<u>15,719</u>	<u>109,198</u>	<u>124,917</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u><u>\$ 232,722</u></u>	<u><u>\$ 1,679,456</u></u>	<u><u>\$ 1,912,178</u></u>

Discretely Presented Component Units

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Arkansas Student Loan Authority	Arkansas Development Finance Authority	Total
OPERATING REVENUES:			
Investment earnings	\$ 16,078	\$ 89,070	\$ 105,148
Other	<u>1,816</u>	<u>784</u>	<u>2,600</u>
Total Operating Revenues	<u>17,894</u>	<u>89,854</u>	<u>107,748</u>
OPERATING EXPENSES:			
General and administration	515	19,123	19,638
Interest	10,353	86,252	96,605
Other	<u>3,638</u>	<u>1,983</u>	<u>5,621</u>
Total Operating Expenses	<u>14,506</u>	<u>107,358</u>	<u>121,864</u>
Operating Income (Loss)	<u>3,388</u>	<u>(17,504)</u>	<u>(14,116)</u>
NON-OPERATING REVENUE -			
Grants, entitlements and shared revenues	<u> </u>	<u>16,025</u>	<u>16,025</u>
Total Non-operating Revenue	<u> </u>	<u>16,025</u>	<u>16,025</u>
NET INCOME (LOSS)	<u>3,388</u>	<u>(1,479)</u>	<u>1,909</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>12,331</u>	<u>110,677</u>	<u>123,008</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$15,719</u>	<u>\$109,198</u>	<u>\$124,917</u>

Discretely Presented Component Units Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Arkansas Student Loan Authority	Arkansas Development Finance Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 3,388	\$ (17,504)	\$ (14,116)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:			
Depreciation, accretion and amortization, net	572	(7,852)	(7,280)
Provision for arbitrage rebate	181		181
Net depreciation on investments		12,381	12,381
Provision for loan loss		3,046	3,046
Changes in operating assets and liabilities:			
Accounts receivable		519	519
Loans receivable	878		878
Investment related receivable	(846)	(2,365)	(3,211)
Other assets	(197)	2,434	2,237
Accounts payable and accrued expenses	(1,918)	3,318	1,400
Other liabilities		<u>12,319</u>	<u>12,319</u>
Net Cash Provided by Operating Activities	<u>2,058</u>	<u>6,296</u>	<u>8,354</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Proceeds from issuance of bonds		377,237	377,237
Repayment of bonds	(4,980)	(278,612)	(283,592)
Payment of debt issuance costs		(2,319)	(2,319)
Collection of financing fees		<u>795</u>	<u>795</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(4,980)</u>	<u>97,101</u>	<u>92,121</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -			
Proceeds from grants, entitlements and shared revenues		<u>16,025</u>	<u>16,025</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(7,271)	(833,900)	(841,171)
Proceeds from sales and maturities of investments	12,329	711,722	724,051
Net increase in short-term investments	(2,175)		(2,175)
Loan disbursements		(55,943)	(55,943)
Principal repayments on loans		59,738	59,738
Capital lease disbursements		(850)	(850)
Principal repayment on capital leases		<u>4,381</u>	<u>4,381</u>
Net Cash Provided (Used) by Investing Activities	<u>2,883</u>	<u>(114,852)</u>	<u>(111,969)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(39)	4,570	4,531
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR			
	<u>97</u>	<u>155,841</u>	<u>155,938</u>
CASH AND CASH EQUIVALENTS - END OF YEAR			
	<u>\$ 58</u>	<u>\$ 160,411</u>	<u>\$ 160,469</u>
SUPPLEMENTAL INFORMATION -			
Noncash investing activity -			
Real estate acquired in settlement of loans	<u>\$</u>	<u>\$ 567</u>	<u>\$ 567</u>

